

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Order No.: **ATL-2004-13**

United Trust Bank)
Bridgeview, Illinois)

Date: **May 27, 2004**

OTS Docket No.: 16310)

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

WHEREAS, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against United Trust Bank, Bridgeview, Illinois, OTS Docket No. 16310 (United Trust Bank or Bank) pursuant to 12 U.S.C. § 1818(b),¹ and

WHEREAS, United Trust Bank desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding, and

WHEREAS, United Trust Bank enters into this Stipulation and Consent without any adjudication on the merits, without admitting or denying that such grounds exist to initiate an administrative cease and desist proceeding, without admitting or denying the Findings of Fact, except as to Jurisdiction (paragraph 1 below), which jurisdiction is

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

admitted, and solely for the purpose of settling this matter in accordance with Rule 408 of the Federal Rules of Evidence and equivalent state provisions,

NOW, THEREFORE, on these premises, United Trust Bank hereby stipulates and agrees as follows:

1. Jurisdiction.

(a) United Trust Bank is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative cease and desist proceeding against such a savings association. Therefore, United Trust Bank is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his/her designee (Regional Director) the authority to issue cease and desist orders where the institution has consented to the issuance of the orders.

2. OTS Findings of Fact.

(a) The OTS finds that United Trust Bank, in cooperation with OTS, made substantial improvements in its Bank Secrecy Act (BSA) compliance systems following the issuance of the OTS September 4, 2001 Report of Examination, which cited material violations and deficiencies in BSA compliance systems and procedures.

(b) However, during the most recent examination of United Trust Bank by the OTS, additional violations, principally involving the late filing of currency transaction reports (CTRs) were cited.

(c) These additional violations are the result of inadequate follow-up and implementation of the BSA compliance systems by United Trust Bank.

(d) The most recent examination of United Trust Bank by the OTS also cited the Bank for a failure to file suspicious activity reports (SARs) regarding certain loan activities.

As a consequence, United Trust Bank violated 12 C.F.R. § 563.177, by failing to maintain BSA compliance systems reasonably designed to ensure and monitor compliance with 31 U.S.C. §§ 5301-5355 and 31 C.F.R. Part 103 and violated 12 C.F.R. § 563.180(d) by failing to file SARs.

3. **Consent.** United Trust Bank consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist for Affirmative Relief (Order). It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. **Finality.** The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director or his/her designee for the Southeast Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. **Waivers.** United Trust Bank waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, its consent to the issuance of the Order or the issuance of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. **Other Governmental Actions Not Affected.** United Trust Bank acknowledges and agrees that the consent to the issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or any other proceeding that may be or has been brought by the OTS or another governmental entity.

7. **Reservation of Rights.** United Trust Bank acknowledges that OTS reserves the right to bring such additional action(s), charge(s), or proceeding(s) arising from or related in any way to the Findings of Fact or any other matter, as the OTS deems appropriate, in its sole discretion.

8. Miscellaneous.

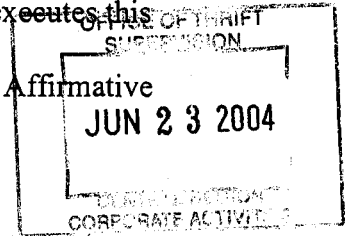
- (a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;
- (b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;
- (c) The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof; and
- (d) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

9. Signature of Directors. Each Director signing this Stipulation attests that he/she voted in favor of a resolution authorizing the execution of the Stipulation.

WHEREFORE, United Trust Bank, by a majority of its directors, executes this

Stipulation and Consent to the issuance of an Order to Cease and Desist for Affirmative

Relief, intending to be legally bound hereby.



United Trust Bank

Accepted by a majority of its directors:

OFFICE OF THRIFT SUPERVISION

By: Akram Zayed
Director AKRAM ZAYED

Khalil H. Khalil
Director KHALIL H. KHALIL

Khaled Akkawi
Director KHALED AKKAWI

John E. Ryan
John E. Ryan
Regional Director, Southeast Region

Dated: May 27, 2004

Director MICHAEL SPEZIALE

Director YEMER ZIYAD

Director BASSAM SACHMAN

Director RUSSELL H. FEWERT

Director MUHAMMED ALARAJ

Director JOSEPHINE CORSA

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OTS Docket No.: 16310)
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Order No.: **ATL-2004-13**

Date: **May 27, 2004**

CONSENT ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, United Trust Bank, Bridgeview, Illinois (the "Bank") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, the Bank, by its execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief ("Order") pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue consent orders on behalf of the OTS pursuant to provisions of Section 8 of Federal Deposit Insurance Act, 12 U.S.C. § 1818.

NOW, THEREFORE, IT IS ORDERED THAT:

1. Compliance With Laws and Regulations.

The Bank and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of:

- (i) The Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the "Bank Secrecy Act" or "BSA"), 31 U.S.C. §§ 5311 et seq., and the regulations issued there under by the U. S. Department of the Treasury, 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by the OTS, 12

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

C.F.R. § 563.177 (collectively with the aforementioned laws and regulations, the "BSA Laws and Regulations"); and

- (ii) The OTS regulations requiring the filing of suspicious activity reports ("SAR"), 12 C.F.R. § 563.180(d).

2. Effective Anti-Money Laundering/BSA Compliance Program.

(a) Effective immediately, the Bank shall ensure that all Currency Transaction Reports ("CTRs") are filed no less frequently than weekly by registered or certified mail or return receipt to the Internal Revenue Service until all of the CTRs are processed electronically;

(b) Within ninety (90) days of the Effective Date hereof the Bank shall provide that all CTRs are filed electronically in a timely manner; and

(c) Within thirty (30) days of the Effective Date hereof the Board of Directors ("Board") shall strengthen the Bank's BSA Compliance Program to include more comprehensive provisions that ensure that the Bank's designated BSA Officer is actively managing, coordinating and monitoring the Bank's day-to-day compliance with the BSA Laws and Regulations and the Bank's BSA Compliance Program. The Bank's designated BSA officer shall have day-to-day responsibility for all BSA compliance and related matters, including, without limitation: (i) the timely and accurate filing of CTRs where required, and (ii) monitoring the Bank's compliance and ensuring that full and complete corrective action is taken with respect to previously identified violations and deficiencies.

3. BSA Compliance Program Staffing and Resources.

The Bank's Board shall, immediately ensure that:

- (i) the Bank's designated BSA Officer has sufficient authority, competency, time, staff (which may include outsourced staff) and resources to perform his/her assigned BSA responsibilities on a day-to-day basis; and
- (ii) the Bank's designated Compliance Officer, who shall be different than the Bank's BSA Officer, shall review all CTRs for accuracy and timeliness.

4. Suspicious Activity Reporting Enhancements.

Within thirty (30) days of the Effective Date hereof the Bank's Board shall amend the Bank's policies to reasonably ensure the identification and complete reporting, in an accurate and complete manner, of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of 12 C.F.R. § 563.180(d) and 31 C.F.R. § 103.18 (collectively the "SAR Regulations").

5. BSA/SAR Training.

(a) Within sixty (60) days of the Effective Date hereof, the Bank's Board shall develop, implement, and thereafter ensure the Bank's adherence to a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their responsibility for compliance with the requirements of: (i) the BSA Laws and Regulations, and (ii) the SAR Regulations.

(b) The required comprehensive training program should include strategies for mandatory attendance, the frequency of training, procedures and timing for updating training programs and materials including a thorough review of previously identified violations and deficiencies and the method for delivering training.

6. Board Compliance Committee.

(a) Within thirty (30) days of the Effective Date of this Order, the Board shall appoint a committee (the "Regulatory Compliance Committee") comprised of three or more directors, the majority of whom shall be Independent of Management,² to monitor and coordinate the Bank's compliance with the provisions of this Order.

² As used in this Order, the phrase "Independent of Management" means that the person: (i) is not an officer or employee of the Bank, (ii) is not, either by blood or marriage, related to any existing Bank director, officer or their attorneys or consultants, and (iii) does not currently have a business or professional relationship with any existing Bank director, officer or their attorneys or consultants.

(b) By July 31, 2004 and thereafter within 30 days after the end of each calendar quarter, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Order and the results of those actions.

(c) By August 15, 2004 and thereafter within 45 days after the end of each calendar quarter, the Board shall submit to the Regional Director: (i) a copy of the Regulatory Compliance Committee's quarterly progress report required by the foregoing subparagraph, with any additional comments made by the Board, to the Regional Director, and (ii) a written certification that each director has reviewed the report.

7. Definitions.

All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act ("HOLA"), the Federal Deposit Insurance Act ("FDIA"), OTS Memoranda or other published OTS guidance. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, the HOLA, the FDIA, or OTS Memoranda/guidance shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

8. Successor Statutes, Regulations, Guidance, Amendments.

Reference in this Order to provisions of statutes, regulations, OTS Memoranda, and other published regulatory guidance shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

9. No Violations Authorized; OTS Not Restricted.

Nothing in this Order or the Stipulation shall be construed as: (a) allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject, or (b) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law including, without limitation, any type of supervisory, enforcement or other action that OTS determines to be appropriate, arising out of matters described in the most

recent Report of Examination, or based on other matters.

10. Time Limits; Effect of Headings; Separability Clause; Stipulation Incorporated.

(a) Time limitations for compliance with the terms of this Order run from the Effective Date, unless otherwise noted.

(b) The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

(c) In case any provision in this Order is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

(d) The Stipulation is made a part hereof and is incorporated herein by this reference.

11. Effective Date; Duration.

This Order is and shall become effective on the date it is issued, *i.e.*, the Effective Date as shown on the first page hereof. This Order (including the related Stipulation) shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: _____

John E. Ryan

Regional Director, Southeast Region